

A Second LETTER to his Honoured Friend Mr. M. T. one of the
Committee chosen by the *Common-Council* of *London* for the
Insuring of Houses from *Fire*.

S I R,

THE Paper which you sent me, publish'd by the Gentlemen of the Insurance Office behind the Royal Exchange, Entituled, *Observations on the Proposals of the City to Insure Houses in case of Fire*, I have received, and carefully perused; and shall here return you some *Reflections* upon it, which I doubt not will be kindly accepted by you, because the design of this Paper is the same with that of your Counsels, viz. the promoting the Publick Advantage of your City. I have spent some time in enquiring who were the first Inventors of this design of *Insuring Houses*, because I find these Gentlemen do with a great deal of confidence ascribe it to themselves in all those several Pamphlets, which have been scatter'd (like their Brains) and so industriously spread abroad by them; and especially in this, in almost every Paragraph of it, which I have now under Examination. But herein they have done just as if a man should filch away a piece of Plate from his Neighbour, and setting his own Mark upon it, should impudently vouch himself to be the right and lawful owner of it. For I find this design was first set on foot immediately after his Majesties Restauration by several Persons of Quality, and Eminent Citizens of London, and Proposals about it then printed by them. But tho the Project and the Authors of it were then recommended to the Common Council of London by his Majesties Letter, yet it was not admitted by them, for the very same reason for which these Gentlemen now are not to be countenanced in it; viz. because they thought it impossible for private Persons to manage, and unreasonable that they (and not the City) should reap the Profits of such an undertaking. Hereupon this Design, like some Rivers that sink down into the Ground, and break not out again, but at a considerable distance, was no more heard of till the Year 1670. when it was afresh propounded to the City by Mr. De Laun, tho not prosecuted by them. However in the Majoralty of Sir W. Hooker it was briskly revived by Mr. Newbold the Merchant, who proposed the carrying it on by a Joint-Stock to be rais'd among the Inhabitants and Proprietors of the Houses to be Insured. This he communicated to the Lord Mayor, and divers other eminent Citizens. From some of these, like an Eves-dropper, this Observer caught it; it being then generally discours'd and approv'd of, and resolv'd to be put in practice. Accordingly Sir Robert Viner being chosen Lord Mayor for the then ensuing Year, Mr. Newbold retain'd Mr. Mosser as his Chief Council in order to present it to the City, and gave him a Fee of above four pound. But still the hands of the City were so full of other business, that tho they had a strong Inclination, yet they had no leisure to carry on this Design. Mr. Newbold therefore waiting for a more favourable Conjunction, found it not till the Majoralty of Sir Robert Clayton, to whom on New-years-day, Anno 75, he presented the Model of it; and sometime after printed it under the Title of *London's Improvement, and the Builder's Security, &c.* and presented it to several Aldermen, Common-Council-men, and other Eminent Citizens. Sir Robert Clayton approved of the matter; only advis'd that instead of a Joint-Stock it should be managed by the Chamber of London. And the same was the Year following by Sir Patience Ward, then Lord Mayor, tendred to the Common-Council. By them it was referr'd to a Committee, who after 8 Months time brought in their Report, That the thing was very well worthy the City's prosecution. And again, on the 15 of October they brought in another Report confirming the former. Whereupon the Common-Council immediately voted and agreed That the City should undertake it. The 15 of Nov. following, the Committee brought in their Proposals to the Common-Council, who consented to them, and order'd that the matter should be speedily put in execution. Thus you see, Sir, this Design was first started about the Year 1660. renew'd An. 1670. revived again by Mr. Newbold in 1674. and prosecuted by him (tho with but little success for the reason above-mentioned) till 1679; and from that time to this day follow'd with greater vigour, and to better purpose. Now after Mr. Newbold had for several years been pushing forward this Design by proposing a Joint-Stock of 50000 Pounds to be rais'd among the Inhabitants and Proprietors of 4000 Houses of the New-Brick-Buildings at 5 per Cent. on their value; (each House being reckon'd at 250 Pounds value one with another) Nay, after Sir Robert Clayton had, instead of this Joint-Stock, propos'd that the City should manage it by settling a Fund of their own to that value (which in truth makes no essential difference, only gives a much better Security to the Insured) After this, I say, these Private Gentlemen start up and propose the settling of Ground-Rents and Lands to the value of but 30000 Pounds for the Insuring of 3000 Houses, at an annual Rent for 31 years only, the profits to themselves; whereas the other Proposal of Mr. Newbold was intended to be perpetual, and the improvement of the Joint-Stock to be from time to time divided amongst the Insured that rais'd it. With what reason or modesty therefore they can pretend to be the first Inventors of this good Design, let the World judge; especially when they themselves will confess that two years ago they had no thought at all of undertaking it. I think 'tis very plain, that in this matter they have done like some Peggars, who borrow other mens Children to carry about with them as a Stratagem to get money by.

But if they cannot make good their Charge of Injustice against you for Robbing them of their Invention, they will endeavour to have you condemn'd as guilty of Imprudence in the managing of it. To which purpose this Observer hath exhibited Four Articles against you.

1. He accuses your taking Subscriptions as a thing vain and needless: For (says he) there can be no occasion for them, but only to see whether this Design (being altogether new) would be approved of. But this is plain already, that it does give general satisfaction. Therefore there was no necessity of your taking Subscriptions. But to this I answer, that taking Subscriptions was necessary upon another account, viz. That the Persons that do subscribe may choose Trustees from among themselves upon whom the Fund provided for their Security is to be settled.

But (saith he) why should men subscribe to you, when probably it may be so long (if ever) before the City settle their Fund, that their Houses may be burnt down before they are Insured? To this I answer, The Lands and Ground-Rents to the value propos'd are already agreed upon by the City, and a Draught of the Conveyance is made, and now before Counsel for their Approbation; and 'tis not doubted but the matter will be perfected in a very short time.

But again (saith he) why should men subscribe to you? For they may come and Insure at our Office, which is already settled, and be releas'd, when they find the City hath made better Provision for them. But I answer, The Question will be, Who shall be Judge in this case, whether the City have made better Provision or no? To be sure these Gentlemen will never confess it, be it never so plain, who pretend so confidently in their Enquiry, Letter, and these Observations, &c. to demonstrate that the City cannot give so good a Security, as they have already. They will hardly be so

good natur'd as to let go those Fishes which they have once caught in their Nets. They are very forward to take money upon almost any terms, as *Spunges suck up Water*; but the many Suits that are every Term between them and their Creditors, who are at so much trouble and charge to recover their own, plainly shew 'tis very hard to wring and squeeze it out again.

2. He accuses you for setting your Rates or Premiums for Insuring of Brick Houses at 48 shillings per Cent. for 31 years (and double the price for Timber-Houses) and so in proportion for a longer or a shorter time; because this is 2 shillings per Cent. cheaper than theirs. And declares in requital, That they will sink their Prices 2 shillings and 2 pence per Cent. lower than yours, viz. to 45 shillings 10 pence per Cent. for Brick-Houses for 31 years (and double the price for Timber) and declares they will always set their Prices under the City; tho at present they will abate no more unless the City does.

But I answer (1.) They would have cavill'd at the City, let your Prices have been what they would. Had your Rates been higher than theirs, then they would have said men might Insure cheaper with them. Had they been Equal, then they would have made a noise and clamour, that 'twas a following their Pattern. And now they are lower, they slander it as a contrivance to draw in Customers. (2.) These Gentlemen would have carv'd very fairly for themselves, had they proceeded according to their first Proposals, who still hope for very considerable Gains by this Design (or else they would never continue to prosecute it) tho now they will be content with above 4 shillings per Cent. less than what they at first propounded to themselves. But thus the fiercest Element by contesting with its contrary, is made far more moderate, than otherwise it would have been. (3.) Tho now they have set their Rates lower than yours, yet this will be no inducement at all to any wise man to Insure with them, because the Security which they give is nothing near so good as that which the City offers to the Insured. This I shall demonstrate thus.

They propose to Insure 3000 Houses with a Fund of but 30000 Pound value. Now such a Fund can be Security for no more than 150 Houses, and all that Insure with them above this number, have no Security at all; Nay, even those 150 Houses too can be ensured to be rebuilt but once neither, tho they pretend to rebuild them as often as they shall be burnt in 31 years. For should those 150 Houses be burnt down, the Rebuilding of them (tho but once) if you reckon them at but 200 pounds per House one with another (which I am sure is low enough) will amount to the just sum of their Fund, which is 30000 pounds. Now suppose that 12 Houses be burnt one year, at the rate of 200 pounds for rebuilding each House, there's 2400 pound gone: Suppose 12 Houses be burnt the next year, there's 2400 pounds more gone; and so in less than 13 years time their whole Fund of 30000 pound must be spent to satisfy the Loss: Nay, considering the Charges they are at in maintaining men for the Quenching of Fires, as they pretend, (tho being arm'd *Cap a Pe*, they look as if they were design'd to encounter another Enemy than the Fire, especially if we consider that none can be employed in that Service within the City, unless allowed by Authority) and other matters relating to their Office, which they themselves Calculate at a 1000 pound per Annum; considering this, I say, their Fund will be gone some years sooner: and then where is the Security for those 150 Houses the remaining 18 years, or for any of the other Houses above 150 all the time? If you Reply, They will not pay the Losses for the Houses that are burnt, out of the Fund, but out of a Bank which they will always have lying ready by them. I ask how Private men, and Persons so much in Debt should come by such a Bank, whenas they have expressly covenanted to put up the yearly Profits of their Fund in their own Pockets? And so they had need; for how should they live else? For if they had any other Estate besides their Fund, it might reasonably be presumed they would pay their Debts with it, which yet they have not discharged. And if they had not, yet the yearly Profits of their Fund, if they had settled as large an one as they at first promised, amounts but to 2000 pounds per Annum, (though by the way, what they have settled rises but to 1400 pound per Annum, and we may well think they could reach to no more) which will not rebuild above 10 Houses, if they should be burnt, reckoning them but at 200 pound each House. If you say The Premiums of the 150 Houses shall be laid out to buy more Lands for the Insuring others, or help make up the Loss. I answer that the Premiums of 150 Houses insured for 31 years, reckoning each House at 200 pound value, makes but 750 pound, which is an inconsiderable Sum, and will purchase but a few Inches of Ground. If you say the Premiums of the other Houses above the 150 that are Insured, shall be laid out to buy a further Fund, or help make up the Loss: I answer, (1.) Why should they have the Premiums of 2850 Houses for which they can give no other Security but those Premiums themselves? And (2.) Those Premiums are otherwise to be disposed of by them, viz. either to buy Ground-Rents or Lands (as far as they will go) for the Insuring at the Inns of Court, Chancery, and Westminster; the Insuring of which places they pretend they resolve speedily to undertake. Or else (which is more probable) these Premiums will be split into their own Pockets, for their own Private occasions, which are great enough.

Besides, it would be worth enquiring, whether the Lands of a man, liable to a Statute of Bankrupt 3 years ago, can now be a sufficient Security? or, (as I intimated in my other Letter) the Lands or Ground-Rents of another, who is (every day) liable to be called to an Account for Male-Administration in a Publick Office, and which if he should be found to be in Arrears to his Majesty, would be unavoidably seized in his Majesties behalf. But now if men Insure with the City, the Case is quite otherwise: For you have a Fund of an 100000 pounds value, which is Security for the Rebuilding of 500 Houses, reckoning each House as before, at 200 pounds one with another. Then there's the Premiums of those 500 Houses, and all the rest which shall be Insured that will be settled as an Additional Fund. And lastly, there is the Annual Rent of your Original Fund which amounts to 5000 pounds per Annum, and the Interest of the Premiums (which will rise very high too) both which will be laid by in a Bank by the City (you having no need, as Private men have, to apply them to any other Purposes) Which yearly Revenues will be so great as alway to make good all those Losses by Fire, which in all probability can happen in any one year; and so neither your Original nor Additional Fund will be diminish'd to make satisfaction. Were this but thoroughly weigh'd, I believe there is none would Insure with these Private men; but they would want Customers as much as they do either Credit or Money.

But further they object, Our Rates are lower than the Cities, because we Discount by way of Purchase, 5 years paid down for 8 years Insurance; 7 for 12; 9 and a half for 21; and 11 for 31 years. Whereas Your Table is after the Rate of 13 years Purchase for 31 years, and near 16 years Purchase for 51: Prices never heard of among Purchasers.

To this I answer, (1.) How low soever their Rates are, yet it can be no temptation to any man that understands himself or them, to Insure at their Office, unless their Security were better than I have just now shewn it to be. (2.) Tho this Observator pretends, That your Prices are such as were never heard of among Purchasers, yet I am sure that near 13 years Purchase paid down for 31 years, and near 16 for 51 years, are the just Prices at Simple Interest at 5 l. per Cent. Rebate, as it hath been computed by, and attested under the hands of two of the most exquisite Arithmeticians this day in London.

Again, saith the Observator, *If we lose by this Design, we lose but our own and do no injury to any. But if your Committee lose by it, they prejudice the whole Body of the Citizens by wasting the Publick Revenues; which are very low already, as appears by the Cities borrowing Money upon Interest, when no visible improvement is made by it; and by your late raising the Fifteens to Repair the Publick works of the City.* To all which I reply, (1.) There's no room for this Objection, because 'tis concluded on all hands, that this design will be Advantagious more or less to the Undertakers. (2.) If it were not, the City is not so likely to lose by this design as these Private Gentlemen, because the *Annual Rents of your Original Fund* (not to insist on the Interest of the *Premiums*) are so great, that they will at present make satisfaction for almost four times the loss as theirs will, without resorting to the *Fund* it self, and the yearly Rents of it being laid by, in a short time will make satisfaction for many more times the loss than theirs will. (3.) What your *Committee* do in this matter, is with the consent and Approbation of the whole *Common Council*, who being chosen by the Body of the Citizens; are their true *Representatives*. And therefore if the City should be a Loser by this Design, your *Committee* cannot justly be taxed for it. (4.) Whereas they say, If they lose, they lose but their own, I must deny it till they have made Even with their many Creditors. And till this be done, the ruin of these Gentlemen will be like the falling of an *Old rotten Oak*, which in tumbling beats down a multitude of little Shrubs and Under-woods. (5.) To say, *The Revenues belonging to your City are very low*, is a notorious Scandal. And 'tis sufficiently known, that the *Chamber* hath frequently refused many Sums of Money of late, though it hath been offer'd them at Four per Cent. Interest. (6.) As for your *Raising the Fifteens*, I doubt not but it will be sufficiently justified: it having been the Custom of the City to raise them for such uses time out of mind. And the Reason why they have not been raised for some Years, till of late, is, because there was no occasion for it: The Profits arising to the City from the Duty upon *Coals, &c.* given by Act of Parliament, having been applied to this purpose from the time of the great Fire in 66, till the time when the *Fifteens* were rais'd.

3. The Observator condemns your City for offering to *Insure for Ever*; which (saith he) is to spoil the whole Design. The Argument which he produceth to prove this, he tells us, was the great one that was used at the setting their Office, to show the certainty of their Security, which could no otherwise have given satisfaction.

If therefore I can but pull down this main Pillar, their whole *Insurance Office* like a rotten Building falls about their ears. Therefore, (1.) The Argument which the Observator useth to prove, that the City cannot well *Insure for Ever*, will as strongly prove, that these Gentlemen that offer to *Insure for 31 Years*, should not be trusted with all the *Premiums* for so many Years at once, but collect them yearly; which they themselves will not approve of. For thus he argues; and I with him: *No Security can be good where all the Profit is at first received, and the Loss is uncertain, and continues for Ever* (saith he); 'Tis the same for *Thirty one Years* (say I). For the Loss being uncertain, the Security cannot be proportion'd. And where all the Profit is at first received, (as it will be if Men *Insure with them for 31 Years*) there is no Interest obliged to take care of the Design so, as to pay a Loss and Preserve the Fund. So that whenever the Loss happens greater than the Annual Rent of the Security, the Land must be divided and torn in Pieces to satisfy the Loss. So that this Argument must be quitted, because 'tis as strong against their *Insuring for Thirty one Years*, as against the Cities *Insuring for Ever*. I know it may be replied in the Observator's own words, that when Houses are Insured for no longer than 31 Years, the Premium that will arise from the Reversion, will engage these Private Gentlemen to raise Money to pay the Losses and preserve the Fund entire, though the Losses were greater than 10 Years Rent of the Fund. But let any man of common Sense judge, whether these Gentlemen will have any reason to secure the Reversion of such a Project whereby 10000 Pounds (two Thirds of their Fund) is lost at one clap. (2.) All the Profit is not received by the City at first; for the Interest of the *Premiums* of the Houses Insured by the City will be an Annual Profit to it. (3.) 'Tis probable indeed, that the Loss by one years Fire may be greater than the Annual Rent of these Gentlemens Fund, which is but 1400 Pound; but 'tis very improbable it should be greater than the Annual Rent of the Cities Original Fund, which is 5000 Pound, and that of the Additional Fund of the *Premiums* too. (4.) If the Loss should be greater than the Annual Rent of the Cities Security, yet the City would have as much reason to take care to pay the Losses and preserve their Fund entire, as these Gentlemen would have to raise Money to Preserve theirs, if the Loss on their side should be greater than the Annual Rent of their Security. For why will the Premium that will arise from the Reversion engage them to do so, but because they hope in the next 31 Years to make up their great Loss? And sure the City may as well hope to make up their Loss in time too; for though when the City *Insures for Ever* they have no Reversions, yet the *Premiums* for that Reason are proportionably greater than those of these Private men, and consequently are equivalent to their present *Premiums*, and their Reversion too; and therefore the City will be as careful to raise Money to preserve their Fund entire, though the Loss at present should be greater than Ten years Rent of their Fund.

But further he objects, *Should men Insure their Houses for Ever, your Corporation would have greater occasion for an Act of Restraint, than the Spiritual Corporations heretofore have had; For though the Church and Colledges by granting long Leases prejudiced their Successors, they left them the Old Rent: But your Committee will not be so kind to your Successors; for you would not only leave them without Reversions, but entail a perpetual Charge and Loss upon the Corporation.* But I answer, If the Committee intended to put the *Premiums* of the Houses to be Insured into their own Private Pockets, as the *Prebends of Churches and Fellows of Colledges* do, and these Private *Insuranciers* intend, this Objection had a great deal of weight in it: But seeing these *Premiums* are to be settled as a further Fund for the Publick good; you will have no need of an Act of Restraint: Neither indeed would they, if they had bestowed the Profits of those long Leases which they granted for the present and future Publick good of those Churches and Colledges to which they belonged; for had they done so, this would not have been for the Prejudice, but Advantage of their Successors. 'Tis true, you leave your Successors without Reversions, if you *Insure for Ever*; but then the *Premiums* you receive from the Insured are set proportionably the higher for it, which will be transmitted entire to those that come after you; and so you will in all probability entail a perpetual Profit and Advantage (not a perpetual Charge and Loss) upon the Corporation.

The Fourth and Last Article upon which you are impeach'd, is, *Your going to Council, to know whether you can settle your Ground-Rents.* I foresee this Objection will not go very far, because it limps so foully at its first setting out, there being not one syllable of this in any of your Papers; nor can it be drawn by any just consequence from any of them. For your Tenth Proposal (in which alone there is mention made of your Advising with Council) runs thus, That the said Committee, in order to the said Security, do forthwith by Advice of Council proceed to prepare Settlements of the said Lands and Ground-Rents, and to draw up Articles and Agreements at large in pursuance of these Heads, to be proposed to such as shall Insure upon the same: which implies; That the Committee and Common-Council were already satisfied; that they could settle the Lands, and therefore your Committee were not order'd to attend Council, to know whether they could settle, or no.

But, saith he, *You have not discover'd to the World, where the Lands and Grounds you propose do lie?* As if any man of Sense or Modesty would question whether the City had such Lands, or no.

Well, but he hath Four Arguments to prove, that though you have them, yet they cannot be seized for the benefit of Private Persons, so as to satisfy their Losses. (1.) *The Lands of Corporations are generally charg'd for Publick and Special Uses, such as repairing Bridges, maintaining Aqueducts, and supporting other Publick Works.* I answer, That London-Bridge doth not only maintain it self out of those Lands that were granted, and are wholly applied to the Repairing of it, and those Duties which are paid upon that account, but brings in a considerable Overplus too. And the Aqueducts and other Publick Works have been constantly maintained and supported, time out of mind, by raising the *Fisicens*: So that those Ground-Rents and Lands which you set out for a Fund, are not appropriated and charged with any other Uses at all. Though, if we consider the condition of these Private Insuranciers, there's too much reason to fear, that there are some dormant *Mortgages* on those Lands and Ground-Rents which they have settled for a Fund.

His Second and Third Arguments I shall joyn together. *How (saith he) shall Private men make the City willing, or force them to pay the Losses which may happen; For when a Dispute ariseth, the City may be made a Party. Now no Decree in that case can be made in Chancery, unless they appear; which, if they refuse to do, they forfeit their Issues, which goes to the King, and so the Party cannot proceed in his Suit.* I Answer, I cannot see how the City should be made a Party, and so be summon'd to appear, when they have conveyed their whole Interest to the Trustees, for the Security of such as shall Insure: But, if the City should be made a Party, and refuse to appear, they will not only forfeit their Issues, but the Sheriffs will be severely Fined too; which Fine will be laid upon them higher and higher every Refusal, so that the City will quickly be forced to Appear. But (saith he) *some Persons formerly lent Money to the Chamber, and have Bond under the City Seal for their Payment; but yet could never recover their Debts. And how can it be expected that the Insured shall have better Justice, when a great Loss happens, than those Persons have had? And what if those Creditors should recover their Debts of the City, would they not seize these Ground-Rents that are now proposed for your Fund?* To answer this, I must give you a short account of this matter, which is as follows: *An. 1641. Sir Richard Gurney then Lord Mayor was by the Parliament sent to the Tower, and divers other Aldermen were Turn'd out, Imprison'd and Sequestred, because they favour'd not the Designs of that Parliament in those Times. Some time after Persons of another Stamp got into their Places; And then the Common Council did, by the Order of the House of Commons, engage the City Seal for the payment of some Moneys advanced upon the Publick Faith (as it was then termed) for the carrying on of the unnatural Civil Wars of those Times. But not one Penny of those Moneys was ever paid into the Chamber, but Treasurers for that purpose were Appointed by the House of Commons, and it was all disposed of by the Order of the said House. And for payment of that Money, that House did engage the Publick Faith, and afterward made an Ordinance, That those that would double their Sum (before paid) should be compensated out of the Sequestred Estates, as many of them were. Now they that were not paid, have Sued the City since his Majesty's Restauration; but were not able to recover the same. But now this Fund will be settled in a time of Perfect Peace, under the Established Government of the Kingdom, by the unanimous Consent of a Common Council duly chosen (so that there can never be any colour to pretend, that this business is driven on by a particular Powerful Party, as there is, that the other was; because then the Government was under a Force.) As to what he saith, That it would be honourable and just for the City to sell such Lands as they can dispose of, to pay those Debts. I reply, Why should they repay that Money that was procured in so ill a manner. I think it would be very honourable and just if this Observer would pay those Debts which he hath fairly contracted, and have been applied to his proper Benefit (as the other was not to the City's:) For then multitudes of Poor men and their Families would be relieved, who not being paid for their Work which he set them about, have their Mouths full (not of Bread) but of Complaints, and have little else to Drink, besides their own Tears.*

His Fourth and Last Argument is this, *What will become of your Settlement, if you forfeit your Charter? Whether the Lands of the Corporation do not then devolve on the Crown? Who then shall satisfy Losses and extinguish Fires?* I Answer, What if the Sky should fall; what a loss would those have, that have bought Nets for the catching of Larks? But suppose the Charter should be taken away (which God forbid) and the Corporation be dissolved, always by Law those Lands that have been purchased in the Name of the Corporation, do not go to the Crown, but return to the Persons (or their Heirs) of whom they were at first purchased. Yet if these Lands are settled before-hand upon Private men, as Trustees for Insuring, they cannot devolve upon either, or be alienated from that Use.

Thus, Sir, I think I have fully Answered this Pamphlet, and upon the Review find nothing more worth the taking notice of, unless it be those scandalous Suggestions, that *Your Committee are guilty of Rashness, and want of Knowledge: And, that You have a regard more to your own Private Advantage, to procure certain Places for your selves, than the Publick Interest of the City.* Were this later so, they might truly say, that this were an Imitation of their Pattern: But those that know the largeness of your Understandings or Estates, will sufficiently acquit you from both of those Reproaches; which indeed deserve to be Answered rather by an Action of Stalder, than by the Pen of him, who is,

HONOURED SIR,

Your most humble Faithful Servant,

L. R.